

April 10, 2009

PHILADELPHIA, PA—On April 10, 2009, Congressman Joe Sestak (PA-07) met with members of the Auto Dealers Association of Greater Philadelphia to follow up on a meeting held in December. The Congressman discussed efforts to save the American auto industry and other economic recovery initiatives with Steve Kelly, of Kelly Chevrolet; Joe David Pacifico, of Pacifico Marple Ford; David Kelleher, of David Chrysler Jeep and David Dodge; Steve Videon, of Videon Chevrolet; Ted Loughhead, of Loughhead Nissan Buick Pontiac GMC; Kevin Mazzucola, Executive Director of the Auto Dealers Association; and Mary Lynn Alvarino, Director of Operations of the Auto Dealers Association.

The Congressman explained his position on the approach needed to deal with the struggles of an industry vital to a national economic recovery. Attendees had the opportunity to offer their perspectives on ways the government can most effectively intervene to preserve an industry responsible for millions of jobs. The Congressman has made clear that the methods used to assist the auto industry must reflect the fact that dealerships are small businesses, which are responsible for more than 70 percent of job creation.

“When we think of the automobile industry, with think of big business in Detroit, but most of our dealerships are small businesses,” said Congressman Sestak. “Over the last 10 years, small businesses have created 70 percent of the new jobs in America. Small business is the engine of our national economy, and small business will be the engine of our recovery. That’s why I have supported the President’s plans to unlock credit for small businesses and to reshape the American auto industry into one that will be a key component of our national economy for generations for to come.”

SUPPORT FOR CONSUMERS AND THE AUTO INDUSTRY

Congressman Sestak and the Obama Administration are committed to standing behind a tough but necessary industry restructuring that will result in stronger, more viable American car companies. During this process, the Administration wants to ensure that consumers have confidence in the cars they buy and suppliers that depend on viable auto companies have some support to weather this storm. The Administrations actions are not intended to slow the necessary consolidation and rationalization of key elements of the auto industry, but will help

stabilize the industry during this period of transition.

Protection of consumer warrantees: Consumers who are considering new car purchases should have the confidence that even in this difficult period, their warrantees will be honored. That is why the Administration is launching an innovative new program that will provide government-funded protection for warrantees issued by participating domestic auto manufacturers. The program will be available for all new warranties on new vehicles purchased from participating auto manufacturers during the period in which those manufacturers are restructuring. Both General Motors and Chrysler have already indicated their intention to participate.

Supplier support program: Trade creditor support will be essential to the success of the effort to restructure GM and Chrysler. The vast majority of the trade at GM and, as part of the Fiat deal, at Chrysler, will carry through the process and be fully paid. In addition, the Administration recently announced a new \$5 billion Supplier Support Program. This program is already providing suppliers with the confidence they need to continue shipping their parts and the support they need to help access loans to pay their employees and continue their operations. The Administration will work closely with the car companies to implement this program in the weeks ahead and monitor closely the state of the automotive supply base.

Unlocking the Flow of Credit for Consumers and Dealers: A healthy automotive industry requires consumers who want to buy cars and are creditworthy to have access to credit. Unfortunately, in the current financing environment, even consumers with excellent credit histories have difficulty gaining access to credit. The Administration remains committed to improving access to credit in general and with respect to automotive purchases specifically. The launch of the Term Asset-Backed Securities Loan Facility (TALF) has expanded the funding available for retail auto loans, thereby directly helping consumers. And the Administration remains committed to facilitating the access to funding for the automotive finance companies that provide credit to these consumers. These efforts will be continued and expanded upon to ensure that consumers have the financing they need to purchase vehicles going forward.

AUTO TASK FORCE INITIATIVE TO SUPPORT AND REVITALIZE AUTO INDUSTRY WORKERS AND COMMUNITIES

The President is fully committed to standing behind the American auto industry, which is the backbone of our manufacturing base. To this purpose, the President's Task Force on Autos is

launching a new initiative to support and help revitalize American auto communities. The Administration's goal is to both help revitalize the American auto industry and to help manufacturing communities in Michigan and the broader region create new businesses, new jobs and bring in new industries for a stronger economic future. And when despite all of our best efforts, individuals and communities are hard hit -- we will take all possible steps to ensure we are working as swiftly and in as coordinated a fashion as possible to provide relief and paths to re-employment.

This government-wide effort will require substantial leadership and coordination. The President has appointed Ed Montgomery, former Deputy Secretary of the Labor Department and current Dean at the University of Maryland, to become Director of Recovery for Auto Communities and Workers. Dr. Montgomery has more than 25 years experience working on issues related to worker training and local economic development and has worked first hand with State and local government agencies and non-profits in Michigan and Ohio on strategies to revitalizing areas hit by job loss. In his new role, Dr. Montgomery will bring all parties – workers, firms, unions, other private sector employers, community-based organizations, state and local governments, and foundations – to the table to maximize communication and cooperation and to develop innovative strategies for relief and recovery. He will ensure that communities and workers can take full advantage of all available resources and to ensure that the funds are distributed quickly, efficiently and equitably

He will work with the Administration, relevant Governors and Congressional leaders to launch new executive and legislative initiatives to support these distressed communities and help them retool and revitalize their economies. He will identify and pursue all possible opportunities, including for example, initiatives to:

- Maximize the effectiveness of Recovery Act funds for new and more diverse economic development for new jobs, business and industry through various means including local infrastructure, housing, education and new industry.
- Deploy rapid response unit to communities facing plant closings to both meet immediate needs and to develop strategies for new job growth.
- Extend Trade-Adjustment-Assistance (TAA) to the auto industry, including retraining, healthcare extensions, income support and wage insurance.
- Attract major defense, research, green industry and other project to the region. Channel Workforce Investment Act (WIA) and other emergency grant funds to the region.
- Work with stakeholders to develop new legislative efforts to direct emergency support to affected communities and regions, and bring new jobs and economic opportunities to these areas.

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a

series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of “Deep Blue,” the Navy’s anti-terrorism unit that established strategic and operations policies for the “Global War on Terrorism.” He served as President Clinton’s Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the U.S. Congress.

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